

does not state whether the rejection is an obviousness-type double patenting rejection or an *In re Schneller*-type double patenting rejection.

The relevant case law and the MPEP provide for two distinct types of non-statutory, judicially created double patenting rejections. *See* MPEP 804(I)(B). The required factual inquiries, and the information that a proper rejection must contain, are fundamentally different.

For a non-obviousness-type double patenting rejection, the Office Action must state why the conflicting claims are not patentably distinct. *See* MPEP 804(I)(B)(1) and Form Paragraph 8.35. Page 4 of the Office Action states that “Applicant should demonstrate why the instant claims are patentably distinct from those presented in the pending applications.” The Office Action is incorrect because it reverses the burden of proof; the Office has the burden of making a *prima facie* showing that the claims are not patentably distinct. In the present case, if the Office intends to make a non-obviousness-type double patenting rejection, Applicant does not have adequate notice of the grounds of rejection to permit consideration and response.

Reconsideration is respectfully requested.

The appeals court decision *In re Schneller*, 397 F.2d 350, 158 USPQ 210 (CCPA 1968), provides alternative grounds for a non-statutory double patenting rejection. *See* MPEP 804(I)(B)(2) and Form Paragraph 8.39. The text of the Office Action uses Form Paragraph 8.39, but omits the third sub-paragraph with its citation to *Schneller*. Nevertheless, Applicant believes the Office Action may intend *Schneller* to provide the legal basis for the rejection. If the Office Action is founded on *Schneller*, then the rejections are improper and should be withdrawn because the rejections do not fit the specific facts of *Schneller* and do not conform to established Office policy for such rejections. If the Office Action is not founded on *Schneller*, then the rejections are improper because there is no other recognized doctrine for rejecting claims that are

allegedly “fully disclosed in” or “claim common subject matter” with another application.

Therefore, to the extent the Office Action is rejecting the claims based upon *Schneller*, the rejections are respectfully traversed.

First, the rejections fail to conform to the USPTO’s internal rules for *Schneller*-type rejections. MPEP § 804, paragraph II. B. 2., states:

The decision in *In re Schneller* did not establish a rule of general application and thus is limited to the particular set of facts set forth in that decision. The court in *In re Schneller* cautioned “against the tendency to freeze into rules of general application what, at best, are statements applicable to particular fact situations.” *Schneller*, 397F.2d at 355, 158 USPQ at 215. Non-statutory double patenting rejections based on *Schneller* **will be rare**. The Technology Center (TC) Director must approve any nonstatutory double patenting rejections based on *Schneller*. If an examiner determines that a double patenting rejection based on *Schneller* is appropriate in his or her application, the examiner should first consult with his or her supervisory patent examiner (SPE). If the SPE agrees with the examiner then approval of the TC Director must be obtained before such a nonstatutory double patenting rejection can be made.

(Emphasis original.) Thus, to properly establish the non-statutory double-patenting rejection in the present application, the Office Action must show that the rejection is **approved by the TC Director**, and that the rejected claims and the allegedly conflicting claims of the other applications **present the same factual scenario as in *Schneller***. The Office Action does not.

The *Schneller* court summarized the facts of that case as follows:

The combination ABC was old. [The appellant-inventor] made two improvements on it, (1) adding X and (2) adding Y, the result still being a unitary clip of enhanced utility. While his invention can be practiced in the forms ABCX or ABCY, the greatest advantage and best mode of practicing the invention as disclosed is obtained by using both inventions in the combination ABCXY. His first application disclosed ABCXY and other matters. He obtained a patent claiming [a clip comprising] BCX and ABCX, ... *so* claiming these combinations as to cover them *no matter what other feature is incorporated in them, thus covering effectively ABCXY*. He now, many years later, seeks more claims directed to ABCY and ABCXY.

(397 F.2d at 355-56, 158 USPQ at 216, emphasis in the original; see MPEP § 804. paragraph II.

B. 2.) The court further stated that to prevail, the appellant-inventor had to establish that “the

invention claimed in his patent is ‘independent and distinct’ from the invention of the appealed claims... .” *In re Schneller*, 397 F.2d at 354-55, 158 USPQ at 214-15 (see also MPEP § 804, paragraph II. B. 2.)

Thus, for a proper double patenting rejection under *Schneller*, the Office Action must show, among other things: (1) a feature Y in the pending claims, (2) a feature X in claims of the other applications; (3) one or more features ABC that were known in the art; and (4) that the combinations ABCX and ABCY, while representing different inventions, are nevertheless not independent or distinct. The Office Action, however, has failed to do so.

The statements of the Office Action at pp. 3-4 general and conclusory. The statements do not provide the Applicants with adequate notice as to exactly what in the claims of the present application would correspond to a feature Y, what in the claims of the other applications would correspond to a feature X, what would constitute known features ABC, and why the pending claims are not independent or distinct from the features of the claims of the other applications. As a result, the Applicants have had to engage in guesswork to determine the basis of the double-patenting rejection. The Applicants cannot identify any features in the claims of the present application and in the other applications that would correspond to features X, Y, and ABC, to constitute the factual scenario in *Schneller*.

Schneller involved a prior patent and new claims to the *same claimed subject matter* in new combinations. Therefore, an analysis of whether the pending claims are “independent and distinct” in comparison to the other applications, or claim the same subject matter as the other applications, requires a rigorous limitation-by-limitation comparison of the pending claims to the claims of the prior patent. Reliance on a broad re-characterization of the claims of the prior

patent or the subject matter of the pending application, such as the statement of the Office Action, pp. 3-4, is legally insufficient under *Schneller*.

Moreover, the propriety of a *Schneller* rejection must be evaluated against the backdrop of the “common ownership exception” of the patent statute, which provides:

Subject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

35 U.S.C. §103(c)(1). Thus, Congress provided that a prior but commonly owned patent, which is not a statutory bar, may not form the basis of an obviousness-type rejection. In the present case, the other applications once issued would be unavailable as references under 35 U.S.C. §103(a) against the pending claims, because both the present application and the other applications are and were commonly assigned to Cybersource Corporation at the time required by the statute, and would qualify only under §102(e). The Office Action’s use of a broad re-characterization of the present claims and the other applications effectively attempt to interpose a rejection for obviousness under §103(a), based on a reference that is unavailable under §103(c), under a new theory of *Schneller*-type double patenting. The Office may not circumvent the clear mandate of a statute, or thwart the intent of Congress, by using a new interpretation of *Schneller*; the Office cannot do under *Schneller* what §103(c) prohibits. Indeed, the enactment of §103(c) may equally be viewed as overruling any interpretation of *Schneller* not strictly limited to its facts.

For all these reasons, no terminal disclaimer is submitted, and Applicant respectfully requests reconsideration and withdrawal of the double patenting rejections of the pending claims based on *Schneller* over claims of later-filed application 11/168,966 and prior application 09/442,106.

Docket No.: 53588-0027

Further, if the double patenting rejections of the claims based on *In re Schneller* are maintained in the next Office communication, Applicants respectfully request that the Technology Center Director review and approve these rejections as required by MPEP § 804(II)(B)(2).

For the reasons set forth above, all pending claims are patentable over the art of record, including the art cited but not applied. Accordingly, allowance of all claims is respectfully requested.

No fee or extension fee is believed to be due. However, to the extent necessary, Applicants petition for an extension of time under 37 C.F.R. § 1.136. The Commissioner is authorized to charge any fee that may be due in relation to this application to our Deposit Account No. 50-1302.

Respectfully submitted,

HICKMAN PALERMO TRUONG & BECKER LLP

Dated: October 28, 2005



Christopher J. Palermo
Reg. No. 42,056

2055 Gateway Place Suite 550
San Jose, CA 95110
Telephone No.: (408) 414-1080 ext.202
Facsimile No.: (408) 414-1076